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Self Improvement For Better Service

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CURRENT SERIAL RECORDS

November 26-28, 1962

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Farmer Cooperative Service
U. S. Department of Agriculture

FARMER COOPERATIVE SERVICE
U. S. DEPARTMENT OF AGRICULTURE
WASHINGTON 25, D. C.

Joseph G. Knapp, Administrator

The Farmer Cooperative Service conducts research studies and service activities of assistance to farmers in connection with cooperatives engaged in marketing farm products, purchasing farm supplies, and supplying business services. The work of the service relates to problems of management, organization, policies, financing, merchandising, product quality, costs, efficiency, and membership.

The Service publishes the results of such studies; confers and advises with officials of farmer cooperatives; and works with educational agencies, cooperatives, and others in the dissemination of information relating to cooperative principles and practices.

* * * * *

This publication presents highlights of the Workshop, rather than verbatim reports of the talks. Views presented are those of the participants and do not necessarily reflect official views of the Farmer Cooperative Service on the many topics discussed. While prepared primarily as a work improvement tool for staff members of the Service, and for distribution to guest speakers, a limited number of copies are available to other persons with an interest in this area.

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Self Improvement for Better Service

SESSION I

Determining Research Needs of Farmer Cooperatives

Workshop Objectives Over Quarter Century



Joseph G. Knapp

In opening this year's Silver Anniversary FCS Workshop, my mind goes back to our Workshop No. 1 in 1939 when Dr. E.A. Stokdyk was Deputy Governor for Research of the Farm Credit Administration. Dr. Tom Stitts was our Chief, and we were then known as the Cooperative Research and Service Division of the Farm Credit Administration which many of us recall affectionally as the "CR&S".

I think that the idea for our first workshop came from Dr. Stokdyk but Dr. Stitts was his partner in the idea and also an enthusiastic promoter. They felt the need of a "school" to strengthen the staff's professional abilities.

Twenty-five years ago the term "workshop" was somewhat new, and I recall how we chose the name in a staff conference because we wanted to convey the idea that these were to be meetings where the staff would work.

In our first workshop we had a series of talks on "Methods of Research in Agricultural Economics" by Dr. Harry R. Wellman of the University of California. He emphasized the importance of project statements, and we have been following his good advice in preparing our project statements ever since.

I have attended all of the 25 workshops and they have all been useful. The program of each workshop has been adapted to our needs as we have seen them. This year our program committee thinks it's time for us to get back to fundamentals and our topic is "Self Improvement for Better Service." I agree, for we have a good crop of new staff members that need this kind of basic training.

Our concern this year will be to examine our program and methods to see how we can do a better job in research - in service - and in education.

Responsibilities of Staff in Determining Research, Service and Educational Needs



Martin A. Abrahamsen

An examination of staff responsibilities as to the research, service, and educational needs of cooperatives in reality relates to our obligations to identify the basic needs of these cooperatives.

As the basis for evaluating the economic and social environment in which cooperatives will be operating in the years ahead, I suggest the following assumptions: (1) The role of government in agriculture will continue to increase; (2) economic literacy will continue to improve; (3) Farmer Cooperative Service will continue to improve its relationships within the Department of Agriculture; and (4) the present state of world tensions will not change materially.

As for specific staff responsibilities, I suggest that these be approached within a framework of the skills of professional people. These skills have been identified as technical, human, and conceptual (see "Skills of An Effective Administrator" in the January-February 1955 issue of the Harvard Business Review).

Technical skill may be illustrated by a staff member achieving recognition as the cooperative authority in such areas as accounting or taxation. Conceptual skills relate to ability to look at an entire enterprise or activity. This skill, in effect, relates to the ability to put the pieces of a whole together.

Human skills are needed in all phases of professional relationships. Newer members of the professional staff have basic concern with technical and human skills.

Branch chiefs, division directors, and the administrator are increasingly concerned with matters relating to conceptual skills and our ability to use them in evaluating our professional responsibilities.

Basically important in meeting responsibilities is our effectiveness in communicating. I believe that sometimes we are unrealistic and assume that our ideas will be looked at in the same way and with the same enthusiasm that we have in promoting them. However, we should consider the atmosphere in which communication often takes place. This atmosphere may range (1) from open-mindedness to hostility, (2) from encouragement to opposition, and (3) from sympathy to bias.

Our Marketing Research Program



J. Kenneth Samuels

The Agricultural Marketing Act of 1946 directs the Secretary of Agriculture to conduct research to determine the best methods of marketing agricultural products; to determine costs of marketing; to assist in improving transportation services and facilities; and to perform other types of investigations relating to marketing.

The Act stipulated that the results of such research shall be made available to the public.

We have conducted research under this Act since its inception. In the period through 1962, we have received \$4.4 million to conduct marketing research. In addition, contracts totaling \$373,000 have been negotiated. We have distributed 114 major publications, including 15 bulletins, 24 circulars, 21 general reports, 26 marketing research reports, and 28 miscellaneous and service reports. This work has been a significant part of our program. In the past 4 years our allotment for research has been over \$400,000, or approximately 40 percent of our total funds.

In the beginning we received allotments for each line project, but in 1953 we established six work projects and were allotted funds for work under these projects. These projects covered work on costs and efficiency; measuring and improving quality; transportation; pricing plans and methods; improving processing, storage facilities, and distribution methods.

What have been the guidelines used in determining the work that we should do in marketing research? The work in FCS must be of benefit to cooperatives, must relate generally to our basic program and type of work, and must meet the objectives of the Marketing Research Act.

From the standpoint of the Department and other research agencies, it was desirable to have FCS participate in this work because farmer cooperatives handle a significant portion of agricultural products marketed, we have ready access to information from cooperatives, and duplication of contacts was avoided by using this agency.

At the present time, steps are being taken to have funds for RMA work appropriated directly by the Congress, rather than being allotted to FCS by other agencies. This is coming about because there is general agreement among the agencies that the work can be performed just as well and with more efficient administration if these funds are appropriated directly to the agency using them. Close coordination and liaison, of course, will be maintained with ARS and AMS in work relating to their research programs.

The Service has made significant contributions in marketing research. Its work has contributed to increased efficiency in marketing and transportation, to improved operations of cooperatives in marketing farm products, and to more efficient handling of feed, seed, and containers. This has been a good program for FCS, and we can make it better in the future. It is up to us.

Methods for Determining Research Needs



Carl P. Heisig

There is no firm or over-riding goal toward which all research aims to direct the development of agriculture or other phases of the national economy.

Through its appropriations and accompanying directives, the Congress maintains important guides to be followed by research programs. These can not be used as the only consideration in determining research needs; neither can they be ignored.

The Department enunciates goals for research through policy statements and instructions to the various agencies. The most effective guides at the Department level in determining research needs are appropriation requests sent to the Bureau of the Budget, and the guidance to agencies in determining priorities for objectives covered by such requests and in allocating appropriated funds.

Advice and aids provided by advisory committees, producer and industry groups, and educational institutions supply real assistance to those responsible for research programs within the Department. These sources have at times been criticized for lack of initiative and for merely assigning priorities to Department recommendations.

Advisory committees also have been accused of acting as pressure groups for their commodities or industries. Individual members of advisory committees vary in their effectiveness. The committees are made up of individuals with varying interests, but together they may be quite representative of the commodity or problem area with which they are concerned.

Administrators, directors, branch chiefs, section heads, and project leaders exercise the major responsibility for determining research needs. Generally they do a workmanlike job of following the criteria set forth by the Department for use as guides in determining such needs. There are instances in which the initiative and judgment of those most familiar with the problems must contend with forces outside of their control. There are occasions even in the Department when dominant emphasis on factors other than judgment of individual researchers takes precedence in determining specific research needs.

Other considerations which are important in determining research needs and in responding to such determinations include:

1. The need to continue current studies for the purpose of investigating phases which have developed from work to date.
2. Emerging problems or the implementation of current Department policies.

3. Availability of manpower and continuous employment for staff members with specific qualifications.
4. Developments in the areas of contracts, cooperative research, and financial support for service research.

The impact of the various forces in determining basic research needs varies significantly from those for applied research. Generally for basic research there is less guidance and assistance from forces outside the research agency, including the Congress. Greater responsibility rests on those responsible for planning and administering basic research within the agency and upon the recommendations of the individual research scientist.

SESSION II

How We Determine Research Needs of Cooperatives

How We Determine Them Now



Nelda Griffin

To determine the research needs of farmer cooperatives involves keeping up with government programs, legislation, and current Department policy, as well as with trends and developments in agriculture and in agricultural cooperatives.

We do this primarily by reading and maintaining contact with people in the know. Staff members consider the following as major contacts: People in the Department and other government agencies; national farm organizations; trade organizations; national cooperative organizations; farmer cooperatives; banks for cooperatives; State colleges; and State cooperative councils.

FCS research workers maintain contact through correspondence and on a personal basis. Personal contact, particularly at meetings, conferences, workshops, and so forth, is considered one of the best ways. Ideas for research and specific requests often result from attendance at such meetings.

Another major source of research ideas is recommendations of numerous research committees, both inside and outside the Department. Of major significance in this category are the Department Advisory Committees, special research committees, and industry groups.

Other agencies of the Department, banks for cooperatives, and the State colleges all play a role in determining our research program. Frequently FCS research projects are conducted jointly with them.

In 1953, FCS published General Report 40, Research in Agricultural Cooperation - Problem Areas, which listed areas in agricultural cooperation where research was most needed. This rather formal approach to the problem of determining research needs was a joint

effort of the American Institute of Cooperation and the Service.

Quite frequently the need for research is determined by previous research or by repeated requests for information which is not available. Staff members feel that nothing can take the place of the knowledge, interest, and valued judgment of the research worker, tested by weighted opinions of others.

In the final analysis, with the funds and personnel we have available, two factors determine the research projects we select--our own experience and knowledge, and requests from cooperatives.

How Can We Be More Effective?



J. Warren Mather

Previous speakers have given us a wide variety of ways FCS uses to determine research needs of cooperatives. Obviously, one of the first ways we can be more effective is to try using some of the methods that others have found helpful. I doubt if any three or four ways are the best; we need to work at this problem from several angles. No doubt we should devote more time to branch meetings and encourage staff members to freely submit their ideas.

A second way we can be more effective within FCS is to have meetings of two branches that work with the same cooperatives. An example would be meetings of the Poultry and Farm Supplies Branches to help determine the major problems of cooperatives that market eggs and manufacture feed.

A third method of improvement should be our annual program review with our division director, deputy administrator, and administrator. This will encourage us to set aside adequate time each year for planning, discussion, and getting the benefit of their ideas.

Fourth, we need to get more information directly from the cooperatives and from others who work with them. This includes universities, cooperative councils, banks for cooperatives, and State departments of agriculture. They can indicate some of the research needs dealing with long-range planning, membership relations, communications, and maintaining and improving the cooperative character of farmer cooperatives.

Fifth, we need to study industry and agricultural trends and try to anticipate the problems cooperatives will face. This means that we should try to determine the purchasing and marketing needs of farmers and whether they can best be met by cooperatives. Then we can better determine the adjustments cooperatives will have to make to effectively serve their members in the future.

In conclusion, we can be more effective in determining research needs for cooperatives by:

1. Working at the problem more intensively all the time.
2. Going about it in a more systematic and organized manner.
3. Using a variety of ways to assemble information on problems in need of research.
4. Giving special attention to determining priorities.
5. Reviewing our program once a year with administrative personnel in FCS.

Our Need for Pioneering Research



Homer J. Preston

Pioneering research generally deals with the problems that are long-run, have high risk, and emphasize macro economics and approaches to problems. Emphasis on such research activities would be a change in the balance when compared to the current FCS research program.

The direct need of FCS for such research is to obtain information necessary to develop a framework for analyzing specific problems of cooperatives. The research workers would acquire knowledge in depth and breadth which would build a staff with a national reputation. It would in the long-run permit a more efficient approach to problem solving, since only modifications within a general framework would be needed rather than a complete analysis of each specific problem.

More importantly, however, pioneering research would provide guidelines for cooperatives. As cooperatives make adjustments

in meeting problems in a dynamic economy, they could be guided toward certain long-run objectives. It would help insure that decision-making had incorporated long-run as well as immediate considerations.

Illustrative of some problems that would be pioneering research are:

1. The effect of the changing structure of agriculture on the operations of cooperatives. Changing credit needs and services at cost immediately come to mind as a result of a changing agriculture structure.
2. What share of the market should cooperatives seek to attain? We need to know what causes or inhibits growth of cooperatives. Why have cooperatives reached a plateau of about 20 to 25 percent of the market?
3. What is the effect of cooperatives on overall market performance? Theory suggests that margins will be decreased. Does this happen? How do we measure the effects?
4. What are the relevant considerations in analyzing a merger proposal? Should the answer be confined only to the economics of the problem? What weight should each of the factors have in making the analysis?
5. Do the unique features of cooperatives retard growth? Is a voluntary, farmer-owned, farmer-controlled organization in a position of having some benefits and yet encouraging certain size of business operation that may not be an effective force in a large real economy?

I have not attempted to make a complete listing of the characteristics of pioneering research or of the problems that need answers. Rather, I attempted only to stimulate your interest in the hope that we would emphasize different types of research and thereby achieve the desired balance in our program between conventional and pioneering research.

How Other Agencies Can Help Us Determine Our Research Needs

Banks for Cooperatives



Charles I. Bowman

We in the Springfield District feel we have a very good working relationship with the staff of the Farmer Cooperative Service. We have found the individual members of the staff very helpful in working with us and the cooperatives.

A review of our files confirmed what we already knew--that the cooperatives in our district are already using, to a considerable degree, the services of the Farmer Cooperative Service.

In talking with my associates on how we might help the Farmer Cooperative Service to be of greater service to cooperatives, I discovered that there is a lack of knowledge of services offered. This means that our staff should have knowledge of the work being done by all the various agencies working with cooperatives and their division of responsibilities. We have in mind such agencies, institutions, or organizations as the Land-Grant Colleges, the Extension Service, the Farmer Cooperative Service, and professional research or consulting organizations.

Occasionally, cooperatives come to the Bank for Cooperatives for help with specific problems, and in other instances Bank representatives observe problems and trends of which the cooperatives may not be aware. Recognizing the limitations in experience, training, and time of our staff, we should be in a position to direct the cooperative to the appropriate agency when we are unable to render the assistance needed.

It is important that our staff--part-time as well as full-time--become better informed on FCS and what it has to offer. It would seem that this could be done by arranging meetings or conferences between our staff and a representative of the Farmer Cooperative Service whenever practical. Those meetings or conferences could be coordinated with regularly scheduled FCS trips to the Springfield District.

Another opportunity to exchange ideas may be a review of the highlights of a completed report with our staff. Such a review would offer an opportunity to mention information not included in the formal report and allow the Bank the opportunity to discuss the research needs of cooperatives.

We believe that improved communications would make a mutual contribution and enable both the Bank for Cooperatives and the Farmer Cooperative Service to be of greater service in helping cooperatives with their problems.

Cooperatives



Claud L. Scroggs

The FCS research needs cover the three-fold objectives of your agency -- research, service, and education. My remarks on research will include the need for research on productive service techniques and effective education programs.

Open lines of communication are paramount if cooperatives are to play a greater role in helping you determine your research programs. This means a planned procedure and an organizational setup within which representatives of cooperatives and FCS could brainstorm, evaluate, and render some of the assistance you want in determining your research needs.

We are talking about how to mobilize all facets of cooperative research and how this fully mobilized research effort can best serve cooperatives, the cooperative institutions, and world co-operation.

The research vehicle would include FCS, the National Council of Farmer Cooperatives, State councils, and land grant colleges and would tie in with your program and that of the State colleges. The end results have a two-fold objective of enhancing the management efficiency and income of American farmers and strengthening the cooperatives serving them.

Some progress has been made in this mobilization. Some signposts and benchmarks have been established. One in particular is the organization made up of research directors and economists from the few major regional farm supply cooperatives that have such personnel. This group meets annually to discuss mutual problems and exchange ideas. Each branch here probably has its own version of similar relationships.

The role of cooperatives and State councils in their relations with the colleges is important. Here is where intensified research, service, and education activities could be carried on to supplement and complement your own program and at the same time provide a greater depth in the overall approach.

Agricultural cooperation is suffering greatly from the lack of institutional research that brings into perspective what our cooperatives of today and tomorrow must be like, if they are to meet the constantly changing needs of farmer patrons in an ever-changing agriculture.

It has been said that ideas have created more change and more revolutions than all wars put together. If we in cooperatives and in our councils can provide some of our ideas, we will have done some of what is necessary to help in determining your needs.

Office of Rural Areas Development



C. B. Gilliland

There is a very definite place in rural areas development for cooperatives to assist in bringing new industries and new jobs to rural areas. However, such cooperatives will need a sound basis for developing their organization and for selecting the kinds of projects that will succeed in economic revitalization of the local areas.

Let me review briefly some of the reasons why we are interested in seeing the cooperatives lend a strong hand in helping to solve the economic problems in rural America. Fifty-four million (nearly a third of our population) live in the Nation's open country and villages. They include:

--15.6 million farm people. Among them are the world's most efficient farm families who operate the 1.5 million farms (40 percent of all farms) that produce 87 percent of the Nation's farm commodities. Among them, also, are the people who work the other 2.2 million farms that produce only 13 percent of our crops and livestock -- people who lack the land, credit, skills, or other resources needed for efficient farms.

--38.4 million nonfarm people. Many of them depend on businesses or services directly related to farming. Some (along with many part-time farmers) have urban jobs. Some are unemployed or work only part time. Some are retired.

Probably another 20 million people live in the small cities that are an integral part of rural America. (The Census counts villages and towns of less than 2,500 population as rural, towns of 2,500 or more as urban.)

One of the greatest hurdles that many RAD groups find in developing plans to bring in new industry is the lack of interest on the part of established industries, including cooperatives, in building new plants and expanding their activities. Ofttimes they need more facts which could be made available to them through well-planned research projects.

Individually, these rural people cannot meet the requirements for finances, management, and promotion; but by pooling their skills and their available funds they can create new economic opportunities. We believe that there are many enterprises with a high potential for economic growth in rural areas that should be initiated by cooperatives.

The Farmer Cooperative Service has been called on for help in RAD-ARA projects in many areas. A few examples are to evaluate economic opportunities for beef cattle production and marketing in Florida, poultry production and processing in Ohio, swine marketing and processing in Wisconsin, and the economic feasibility of beef cattle feedlot operation and kill-chill slaughter plants in North Dakota and Montana.

Extension Service



Edward W. Aiton

My interest and concern about research needs of farmer cooperatives is conditioned by 5 years of service as a county extension agent in the Midwest. In that county, we had 62 different farmer cooperative organizations, ranging from 3 cooperative burial associations to 21 cooperative creameries.

From December until planting time, my calendar was filled with dates for speeches at annual meetings of cooperative groups. We considered this an important part of our work, but we were not equipped to do it well. My talks usually related to some type of agricultural technological development closely related to the commercial interest of the cooperative. Seldom would it relate to their own cooperative business enterprise. This was unfortunate.

In this connection, there are several points I will mention:

1. Farmer cooperatives need more direct assistance in analyzing, understanding, and improving their own businesses. This requires research.
2. The Cooperative Extension Service, Farmer Cooperative Service, American Institute of Cooperation, and others should together develop an intensive and systematized program for educational help to farmer cooperatives. This would be of an analytical and demonstrational nature.
3. Cooperatives and other merchandising establishments need research and education on effects of interregional competition and trends in business. Merchandising problems are interstate, interregional, or even international in their scope and complexity.
4. I think the most challenging and exciting opportunity is in the field of resource development. Organization of local people is the first step in resource development followed by the operational aspects.

The modern educational concept for helping people with their developmental problems calls for a counseling or catalyzing service which is extremely sensitive to their needs and problems. The first stage, and perhaps the most important one, is a listening process to learn and understand what are the fundamental problems of people. Then, we must reach up to the technology shelves and bring knowledge to bear directly on the specific problems which farm people and their organizations tell us are important. This challenge is one which the educational forces, such as Farmer Cooperative Service and the Cooperative Extension Service, must fulfill, if our Nation is to achieve its fullest growth and development.

State Colleges



Milton L. Manuel

When a question is raised about research needs, I assume it concerns the identification of problems which are good candidates for research studies. Research by its very nature is problem oriented since research is problem solving. The identification of problems is not a simple matter as they often cannot be easily identified and accurately stated.

A problem is a deviation between what is experienced and what normally can be expected. Views can differ on both what was

experienced and what normally might be expected. Therefore, means of communication are needed which furnish ample opportunity to probe for suggested problems and to exchange views in evaluating and delineating them.

I believe many college personnel can provide positive assistance in developing the more basic and broader research studies of FCS. Research workers are keyed to problems. They need to keep informed of the economic environment in which cooperatives operate and the part played by cooperatives. Observations made at either the Federal or State level will be of interest. Means of communication for exchanging observations and viewpoints are needed. Informal visits are ideal since they allow ample opportunity for a two-way flow of ideas. Workshops for research workers such as those sponsored jointly by FCS and AIC provide an excellent means of communication for stimulating ideas and exchanging views. The annual AIC research workshops furnish additional opportunities.

Each State as well as FCS must determine its own research program. However, there is the common bond of mutual interest in cooperatives and the realization that all are working in the interest of farmers. Proper communication between research workers in State colleges and those in FCS can help in determining research needs for colleges as well as for FCS.

SESSION III

Planning and Conducting Research Studies

Planning and Clearing

Objectives and Hypotheses



Donald R. Davidson

Three preliminary steps to effective research are (1) careful selection of the problem to be studied, (2) precise definition of the problem, and (3) formulation of meaningful hypotheses to guide and focus the study.

Significant research grows out of problems and results from genuine interest on the part of the researcher. It has as a basis a problem that the researcher has carefully defined before starting to work.

Leonard Salter, well-known agricultural economist, has pointed out that one of the greatest obstacles to effective research is the persistent failure even to pose a problem or state a hypothesis. In his analysis of more than 100 research reports, Mr. Salter found that the objective of many studies was no more clearly defined than "to present material that may be of interest to others." When such an uncertain compass was relied upon, such work consistently failed to result in sound recommendations for action--or even in ideas for further studies.

After the research worker has selected a timely, worthwhile problem, the second step is defining it in detail and with precision.

Only after he has defined the problem and defined it well, is the researcher ready to take the third step, formulating hypotheses--raising the right questions to get the right answers. The hypothesis-formulating period is a crucial one. If the supervisor has time to check only one part of the study, it should be this part.

From the various hypotheses formulated, the researcher can select specific ones to use as objectives of the study. These selected hypotheses will guide him in writing his plan of work.

Plan of Work



Anne L. Gessner

An important item to be considered in planning the research project is its cost. The scope of the study and the personnel and time required to do the work will be important considerations in developing the cost estimate. Work must be carefully programmed in order to have the right personnel and the right equipment available when they are needed.

It will be necessary in the early stages of planning to decide how the data will be obtained, whether a sampling procedure will be used, and what method will be employed in tabulating the data.

In planning actual work procedures, an outline should be made of the specific jobs to be done and a list compiled of specific personnel to do these jobs. It is important that a tentative plan be set up for division of responsibilities. A calendar should also be set up for completing specific phases of the work and, again, responsibility should be assigned for seeing that various phases of the work are completed by the time called for on the calendar.

In developing techniques for handling the data, attention must be given to the types of work forms and tabulation sheets that will be needed. This means that a very thorough analysis of the subject matter will be required in the planning stage so that no important parts of the questionnaire will be overlooked in preparing the tabulation and summary sheets.

The plan of work should also include consideration of the type of publication to be used in releasing results of the study. A careful outline should be made of the major topics to be included in the report, and attention should be given to the type of graphic presentation that will be most useful in clarifying the results. If the summary sheets and outline are carefully prepared, they will greatly facilitate the actual writing of the report.

Clearing the Project



Walter L. Hodde

FCS Staff Instruction No. 14 (revised) outlines in detail the procedures to be used in preparing and clearing line project descriptions. The informal procedures are of great importance. If this work is done properly, then the formal clearance procedures become routine.

Specialists in the Statistical Clearance Branch, Statistical Reporting Service, have been very helpful in informally formulating and clearing questionnaires - especially if researchers have done a first-rate job of designing questionnaires and survey plans. If they have done so, formal clearance is usually easy.

Research contracts call for careful preliminary work with Branch Chiefs and Division Directors. The contract should include, who what, where, when, how and why - all carefully prepared according to FCS Staff Instruction No. 16 (revised).

Data Collection

Methods



Bert W. Kenyon

The validity of any study, in the final analysis, depends upon the data used. In turn the reliability and validity of information obtained may be dependent upon how the data is collected.

There are many different ways of collecting data--mail questionnaires, distributed questionnaires, and checklists of all kinds; the case study method, the systematic observation procedure, the study of available records, and personal interview schedules.

The personal interview schedule is a tool used quite widely by most of us here. It is probable that we may need a new method of personal interviewing in the near future. As cooperatives become larger and more sophisticated, they will be needing more information in the areas of consumer preference, patrons' attitudes, and other related factors. This information is vital for new types of planning that must be undertaken by boards of directors and management.

Collection of data by personal interview may require the employment of outside interviewers. Some of the best interviewers are housewives who have worked on a part-time basis for independent research or governmental agencies. The interviewer should be carefully selected because poor enumerators can bias any study.

The way for interviewers may be paved by making preliminary arrangements with local officials. The interviewer should be supplied with an identification card identifying him or her and their employer in the area. Local police officials should be acquainted with the location of the field office and informed daily as to the area in which interviewers are working. It is important that the interviewer exercise mature judgment under all circumstances.

Sources and Sampling



John D. Campbell

Among secondary sources of data sometimes useful to FCS workers, but less familiar than major Department of Agriculture sources, are: (1) "Statistical Abstract of the United States", (2) publication lists of the Department of Agriculture agencies and the Department of Commerce, (3) Library List of the Department's library, (4) trade and other directories, including "Guide to American Directories", (5) lists of State Experiment Stations' publications.

Sources of primary data, besides completed surveys, are: (1) Personal conferences, (2) auditors' reports and records of cooperatives, (3) minutes of board of director meetings, and (4) firms dealing with cooperatives.

Sampling is generally favored by statisticians. However, they recognize other methods may be necessary or preferable in some cases. It is worthwhile in the preliminary stages of a study to discuss sampling plans with the Statistical Clearance Branch of Statistical Reporting Service.

Other sampling methods include:

1. Judgment samples
2. Deliberately biased samples
3. Chunk samples

Limitations imposed by sampling methods need to be remembered when drawing conclusions.

Schedules and Questionnaires



Edwin E. Drewniak

Questionnaires and schedules are devices for collecting data. Data can be recorded on these and used at a later time for analysis and tabulating. A questionnaire or schedule must possess the following qualities: Validity, reliability, objectivity, practicability, and simplicity.

There are several different types of questionnaires and schedules used, such as the mail and personal interview. Each has advantages and disadvantages that must be considered before the data is collected.

The wording of questions in questionnaires affects the answers. Each question should be worded to give the type of information needed. Before sending out a questionnaire, you should check it over carefully to be sure it will produce the type of information desired.

The questions should be placed in a logical sequence so that the person completing the questionnaire doesn't have to jump from subject to subject. If two different types of questions -- general and specific--are used, the general ones should be completed first. If a specific question is asked first, the respondent is likely to answer the general question in terms of the earlier one.

Each questionnaire should be well-planned device whereby the information is identified and the respondent is introduced to the purpose of the survey. The question asked should be based on objectives of the study. It should have a neat appearance, appear easy to complete, and be as short as possible.

If a letter of transmittal is sent with the questionnaire, it should have appeal and personal touch to bring back a high rate of response.

All questionnaires or devices used to collect data should be pre-tested. In pretesting you will be able to determine that the content and form of the questions are satisfactory to collect the information desired.

Analysis and Application

Analysis and Interpretation



Gilbert W. Biggs

Analysis means extracting something from a mass of data and organizing it in such a manner that it yields answers to questions. The researcher puts the data through a mill, takes out facts, runs them through some sort of statistical processing, and comes up with answers.

The plan for analysis needs to be carefully thought out by the researcher when a research project is developed. It is helpful to write out specific plans and prepare work tables in advance. Machine tabulations are useful when the study involves large quantities of data and large numbers of cross-classifications and when routine or repeated studies are made.

Techniques of analysis vary from the very simple to the very sophisticated. Some of the simple techniques are: Numerical counts, percentages, ranking, measures of central tendency, and measures of dispersion. A few of the more complex analytical techniques are: Linear programming, correlation analysis, model building, and the game theory.

Interpretation is appraising the data gathered in terms of the desired objectives and stating the conclusions reached through this appraisal process.

Four ideas or concepts that are useful in the process of interpretation are:

Weighing the Evidence.--Each item of the information must be weighed to determine its bearing on the purpose of the study. Each unit of data must be subjected to the question: "Just what does this mean?"

Reasoning from the Evidence.--The researcher must develop a critical attitude toward his own writing. He must constantly ask himself: "Have I looked at both sides of the coin?"

Maintaining Perspective.--The researcher should constantly keep in mind the main objectives and struggle against the tendency to become too greatly involved in minor issues. Don't be one who "cannot see the forest for the trees."

Using Judgment in the Recommendation.--In most instances the purpose of a project is to come up with some recommendations to be used as a basis for decision making. The evidence presented should suggest the recommendations before they are actually disclosed to the reader.

A report written in moderate terms admitting the difficulties involved is more valuable than one which overdraws on the evidence presented. Critical and intensive thinking is required to formulate acceptable conclusions and recommendations.

Presenting Results



John T. Haas

Research is the heart of our program in FCS. A large share of the resources devoted to research are consumed in presenting results; therefore, this process assumes an important place in our overall program.

We do research to gain knowledge we and others can use to answer and solve problems. Its value depends largely on how effective we are in selling our results. Good researchers must be good communicators as well.

Our job in presenting results is to compose an appropriate message and select the proper channel to reach the receiver. We have tough competition for the receiver's time and we must design our message specifically for him if we are to be effective. Most of us now rely almost entirely on one of the formal publications issued by FCS and an article in the News for Farmer Cooperatives. I believe this is an ineffective way of presenting results.

There are several ways we might present our results more effectively. We can use our FCS publications more wisely by reporting findings in two or more publications written for different audiences. We might also publish preliminary reports and use information pamphlets more frequently. News articles can be used to make preliminary as well as final reports of findings. Good articles can be reprinted to get wider dissemination of research results. We should cultivate our contacts with editors of trade publications, farm magazines, and the cooperative press to get research findings of interest to members published.

Greater use of film strips and slides also can increase our effectiveness. These can be used with oral presentations and

made available for use of cooperatives, State councils, and other groups. TV shorts can be used effectively to present results of interest in a local area.

We also should take advantage of every opportunity to present our research results orally at meetings and conferences, and on local TV and radio programs.

We must consider all these possibilities in our project planning and arrive at a definite plan. For, if we do not have a plan we are likely to follow the same old practice of publishing one report and stopping with that.

Followup and Application of Findings



Elmer J. Perdue

Followup and application of research findings is important for several reasons:

1. They can bring about greater application of findings by motivating persons to give more attention to the report than they would in the absence of any followup.
2. Followup will reveal reasons why findings are not being applied and the researcher can carry out further work if needed.
3. Followup and application may disclose new areas of work in the same area as the original study.

Both Federal and State Governments recognize the importance of followup as evidenced by organized followup methods used by agencies such as the Extension Service. Examples of other followup agencies are banks for cooperatives, land-grant colleges, and State cooperative councils. The researcher should use the service of these agencies to the fullest advantage.

Some studies may be best followed up in a formal manner such as the use of questionnaires. There are other less formal techniques that yield valuable results. While in the field, researchers can take the opportunity of personal contacts to discuss application of findings from past studies. Another opportunity is attendance and participation at cooperative and industry conferences.

Findings from general research are not usually accepted by everyone immediately upon receiving a report. It takes time for audience acceptance. In the meantime, researchers must take every opportunity to sow seeds that will lead to acceptance.

SESSION IV

Application of Research Methods to Specific Projects

In Physical Distribution



Edward W. Smykay

Physical distribution research is concerned with all functions performed from the point of production until the product reaches the ultimate consumer. Considering the cost of these activities, distribution management research has been badly neglected in agricultural industries.

Of the \$80 billion spent at the retail level for agricultural products, about \$20 billion was received at the farm level. The remaining \$60 billion, with which we are concerned, includes expenditures in distribution management. Half of this goes to cultivating markets through advertising, market research, and promotion. The other half takes in the physical distribution, involving transportation, storage, inventory carrying charges, and material handling and packaging.

In a research project aimed at reducing Michigan bean distribution costs, a 10 percent sample of bean sales (selected by total sales and package sizes) was drawn. Annual and seasonal sales, as well as destination points, were estimated from this sample.

Spatial relationships were established by placing a grid over the United States map, dividing the country into blocks 50 miles square. This procedure was used to avoid complicated and expensive point-to-point analysis. Further division of the blocks into 16 cells allowed a maximum possible error of $1\frac{1}{4}$ miles, or about 3 percent of the distance between any two markets in determining a distributor's location.

Transportation costs to various distribution points, in terms of mills per hundredweight per mile were determined, and cost curves

were fitted by regression analysis for truck transportation as well as for rail.

Market dimensions can be established and the physical distribution network determined by this research method. Attention can then be focused on what markets are most worthy of cultivation by a given production area in view of distribution costs to various markets.

This method also has possibilities in coordinating research. With it the serious distribution problems of agriculture can be brought into focus and the appropriate solutions made more apparent rather than with fragmented efforts to solve narrow problems.

In Marketing Practices



Clyde B. Markeson

A study of marketing Virginia sweetpotatoes will illustrate the steps in planning and conducting a specific marketing research project.

Planning and Clearing Study.--The objectives of this study were (1) to determine the economic factors contributing to unsatisfactory prices, and (2) to suggest modifications in marketing practices and methods that might help growers and shippers obtain improved returns.

Three types of inquiry were planned: An evaluation of pertinent secondary data, a grower survey, and a survey of shippers.

We developed a grower questionnaire, designed a sampling procedure, and held a conference with key personnel requesting the study. Following this conference we submitted the project statement and all supporting papers to the Bureau of the Budget for clearance.

Collecting the Data.--From secondary data, we obtained information on trends in production, consumption, utilization, and distribution of sweetpotatoes.

Personal interview with growers provided data on production, harvesting, storage, and marketing practices for the current marketing season.

A survey of shippers provided data on quantity of sweetpotatoes shipped, date of sale, price received, type of buyer, and destination of the product for the current marketing season.

Analysis and Application.--A review of secondary data revealed that growers and shippers in Virginia were operating in an environment characterized by: (1) Increasing competition from well-established growers in other producing areas; (2) a declining per capita consumption for fresh sweetpotatoes; (3) an increasing per capita consumption for processed sweetpotato products; and (4) a marketing structure for fresh and processed sweetpotatoes which is becoming increasingly specialized.

Based upon an evaluation of current marketing practices and methods, we suggested changes that might help the Virginia industry capitalize on these trends. They included:

1. The adoption of uniform grade and size standards.
2. A more orderly distribution of sales over the marketing season.
3. Selling a larger proportion of the crop at the shipping point, rather than at the terminal market level.
4. Marketing a greater percentage of the crop cooperatively.
5. Concentrating on fewer but larger buyers in a selected number of markets.

Growers and shippers in the State have adopted some of these recommendations. And they are giving attention to additional ways in which production and marketing practices at the grower and shipping-point levels can be dovetailed with processing and retailing requirements of today's market.

Selected Research Techniques

Microfilm and McBee Sort Cards



Fred E. Hulse

As researchers all of us are concerned with how to do various technical jobs. We do much of the grubby pick and shovel work

ourselves, or we must directly supervise it. Therefore, it is in our best interest to use any technical aids that can help us conserve one of our most valuable assets--time.

Microfilm.--One time-saving technical aid is the microfilm camera device. This collapsible, self-contained unit includes a 35 mm. camera, and two ordinary light bulbs. It requires about 2 or 3 minutes to set up this device and load the camera with special copy film. From that point on, you can copy documents about as fast as you can trip the shutter.

The advantages of this device are its speed and accuracy in copying. Its disadvantages lie in the necessity to read the data from film in a viewer or similar device. Problems encountered in its use, which result in poor copy, include illegible carbons, poor hand writing, and colored pencil used on the original document. Some respondents also may be unwilling to allow data to be photographed.

McBee Sort Cards.--Another technical aid is the edge-punched card. These cards are well known by the trade name McBee sort cards. By means of a row or rows of holes around the perimeter of the card and a method of notching out these holes, various codes can be devised which permit easy sorting and tabulation of data.

These edge-punched cards can be adapted to many uses. They are simple to use--basic requirements being cards, punch, and sorting pick. They can improve efficiency, particularly where many sorts of cross tabulations would be required in an ordinary tabulation sheet arrangement.

They can provide much flexibility in conducting an analysis, and the project can be kept under close supervision. In the case of a questionnaire, all paper work steps from field to work tables can be confined to these cards.

Among the disadvantages of these cards are the limitations on total volume of data that can be handled. The number of cards is dependent on peculiarities of the data to be handled and how extensive the use might be. The cards do not easily handle large quantities of numerical or accounting type data.

I do not recommend either of these technical aids without qualification. I do recommend that you place these on your checklist of possible techniques for consideration in the planning stage of your next project.

Automatic Data Processing



Paul C. Wilkins

Automatic data processing is a valuable tool that can increase our efficiency in conducting research projects. Electric accounting machines, one type of ADP equipment, will meet the need for fast data processing for many of our projects.

The researcher who plans to use ADP equipment should carefully plan his study to insure efficient use of the data processing equipment and to obtain maximum value from the information being tabulated.

A technique we have found useful is to first design the tables, complete with headings and stubs, that we plan to use in the final report. These tables are then used to prepare the questionnaire and develop the tabulation plans. This helps insure that no vital information is left out of the analysis.

Considerable professional advice on ADP is available. In the Department, all ADP is coordinated through the Office of Management Appraisal and Systems Development. Most ADP equipment manufacturers maintain Washington offices that can provide assistance.

As a very general rule, the researcher should seriously consider ADP where large volumes of information are to be analyzed--perhaps a thousand documents or more--and particularly when repeated sorting of the documents is required in the analysis.

Electric accounting machines are useful where sorting, counting, adding, and subtracting are the basic processes. Where other procedures are required such as multiple correlations, analysis of variance, large numbers of multiplications or divisions, weighting data, or computing percentages, the electronic computer may be the answer.

Time and Motion



Theodore R. Eichers

Many cooperatives could reduce their operating costs considerably if they would spend some time analyzing their physical handling procedures. Some inefficient arrangements and handling procedures could be detected and corrected simply by careful observation.

Other inefficient operations may require a detailed time study analysis.

We used the time study technique a few years ago in a study of mobile feed mill operations. In making the study we had several objectives in mind:

1. Was it more efficient to use one man or two men on this operation?
2. How much of a rate differential should there be in the charge for different types of feed?
3. Should there be an extra charge for picking up ingredients at several locations?
4. Should a discount be given for bulk unloading?

We selected four mobile feed mills for study. Each of these mills was observed for 1 complete day.

We informed the mill operators exactly what we intended to do. This, we believed would prevent them from being uneasy about our presence, and it would also keep them from altering the speed of their operations. Our equipment included a stopwatch divided into one-hundredths of 1 minute, a clip board, and a stack of tabulation sheets. We used the continuous time method, thus accounting for every minute of the day.

This study gave us some pretty definite answers to the questions we had asked. It showed:

1. Ordinarily it did not pay to use two men on the mill.
2. Substantial differences in the rates charged for dairy and poultry feed would be justified.
3. An extra charge should be made if ingredients were not gathered in one place.
4. A discount for bulk unloading was not justified.

This study was confined to a specific operation of a farm supply cooperative. The technique could be used, however, in analyzing the operations of many of our cooperatives. In packing fruit, bottling milk, or handling grain this technique appears to have almost unlimited possibilities.

Depth Interviewing



Martin A. Blum

The depth interview technique goes beyond the usual research aims of developing, analyzing, and reporting on factual information. It seeks to determine the reasons that motivate buyers in arriving at their decisions.

In conventional questionnaire techniques, answers can be forthcoming only to predetermined questions. In the depth interview technique, questions that can be answered by a simple "yes" or "no" are not asked.

To get at the "whys" of a buyer's decision, the interviewer does not depend upon a formal, structured schedule of questions to conduct the interview. Instead he has in mind a questionnaire outline, which is designed to give general guidance to the discussion and encourage respondents to reveal attitudes and opinions.

Thus, it is the responsibility of the interviewer to stimulate and involve the respondent in conversation about the problem in general and avoid any semblance of obvious interrogation. The depth interview process gives the respondent an opportunity to express himself freely on a subject that is of real interest to him and within the area of his direct responsibility.

Once opinions and underlying motives are determined, a business enterprise has a basis for providing direction to its marketing policies and operations. With proper sampling, interviewing techniques, and careful interpretation, the depth-interview approach can show the firm how to conduct its activities in the light of established opinion and perhaps the means of changing that opinion.

While the concept underlying this approach is not difficult to understand, its application requires experienced interviewers and project leaders who are well-grounded in psychological probing techniques.

The Fruit and Vegetable Branch currently has underway a study to determine chain store buying practices and preferences for celery from Florida and from competing production areas. Its purpose is to develop possible approaches the Florida industry might adopt to meet its competition more effectively. We are conducting this research under contract with a private market research firm, which has accumulated specialized experience in depth interviewing. The

contractor will be responsible for analyzing and interpreting the information obtained under this technique.

Observation Research



Joseph E. Rickenbacker

Observation research may be defined as using visual observation supplemented by specific procedures and techniques to evaluate the influence, or effect of conditions, surroundings, or happenings on a given problem.

Merely looking or watching isn't enough. Carefully planned observation is what is required. Observation research has been a major research tool in the various livestock loss and damage projects conducted by the Transportation Branch for the last 6 or 7 years.

A thorough knowledge of the problem is vital to effective research of this kind, since the various facets of the problem must be understood in determining the scope of the observations to be made. Generally, various forms and schedules will be required to assist in recording and evaluating results obtained. Where observations are made under highly complex conditions or where utmost speed is required in recording, portable tape recorders are especially useful.

The observer should be thoroughly familiar with the object, condition, or procedure he is to observe. Taking the cooperator into the planning and setting up of the program is a good way to get his interest as well as to help the observer plan effectively. Charts or diagrams are most useful in inspecting objects and also to record phases of observations.

Results can be measured by establishing benchmarks or standards, or using proven knowledge. They can be verified in some cases by exact testing under controlled conditions.

It is often possible to use the results in future research either directly or indirectly as an adjunct to planning. Reports of the research should be given to the cooperator as promptly as possible to stimulate his interest, get his criticism and help in perfecting techniques, and help him overcome any discovered deficiencies quickly.

In addition the Transportation Branch has used the results in preparing formal reports published by FCS on the project.

Sampling Records



Robert J. Byrne

"Sampling is the scientific method of investigation and inference in which demonstrable reliability is a requisite." If we accept this statement by Dr. Edward Deming of New York University as being true, then a sampling procedure that has been developed with "demonstrable reliability" would be a handy tool to have in our kit of research tools.

Operating on that assumption, I will give you a procedure for sampling documents in a firm, or firms, that has proven to be reliable.

Basically, the general sampling procedure is to be sure that every transaction (that is, document) has a chance of being drawn, and that documents are drawn at a predetermined sampling rate.

Before sampling documents, it is important to discuss the study with the person in the firm directly in charge of the records, to determine accurately the answers to the following questions:

1. Do the records actually contain all the essential information?
2. If one or more items are missing, can those missing parts be obtained readily?
3. Will it be feasible to draw an independent sample of those documents that are not in the central file?

If the answer to all three questions is favorable, those records should be used, and the sample should be drawn in accordance with the sampling procedures.

After the documents have been sampled according to the method outlined in the handout I have given you, a statement of action and comments should be prepared for each firm.

Keep notes of all matters you believe will be useful for proper interpretation, coding, and possible recheck. Those notes should form the basis for a brief statement to accompany the data obtained. Among the items of information you should include are:

1. Names of persons interviewed in the firm.
2. Estimated total number of documents.
3. Sampling rates used and random starts.

4. Basis for determining pertinent data.
5. Any other comments you think may be useful.

It is important to keep in mind that mere size does not assure a representative sample. A small random or stratified sample will generally be better than a large poorly selected sample.

Sampling Patrons' Business



Henry W. Bradford

Often the amount of business done by individual patrons is valuable information to have in analyzing the operations of a cooperative. Such information gives management guidance in determining membership requirements and in planning programs, such as volume pricing of feed, to serve various-size producers.

We all know that farmers are becoming fewer but larger. Management should have knowledge of trends in their operating area in the amount of business members do and the potential business there.

In cooperatives with a large membership, amount of business done by patrons can be determined rather quickly and accurately by using the sampling technique. FCS made such a study recently by taking a 25-percent sample of the amount of business done by each of a cooperative's 36,000 purchasing patrons.

Data showed that 75 percent of the patrons bought an average of \$22 worth of production supplies during a year's period. The remaining 25 percent of the patrons did 92 percent of the association's business.

These findings indicated the need for the association to study ways of reducing bookkeeping costs on the smaller patrons and of improving its services to patrons who do the most business with the association.

SESSION V

Planning and Conducting Advisory Services

Requests for Service Work and How FCS Handles Them



George C. Tucker

What is service work?

It is a service to farmer cooperatives in response to a request for aid. It generally deals with a specific problem that needs immediate attention.

From what source and in what form are requests made?

Cooperatives often make initial contacts concerning service work at meetings, conventions, conferences, and through office visits. Requests are generally made by a letter that includes the resolution of the Board of Directors in requesting the services. Other requests come by various methods and from many sources, such as Congressmen, lawyers, Certified Public Accountants, banks for cooperatives, RAD committees, and even Chambers of Commerce.

What are the procedures for handling these requests?

Requests are divided into two categories: (1) Those requiring no travel and no more than 5 days of professional time, and (2) those requiring travel and more than 5 days of professional time. Category (1) requests are completed or disapproved within 5 days. Category (2) requests are evaluated in light of the problem and objectives, anticipated value of work, required staff time, and travel. They are then acknowledged, approved, or disapproved.

What are the problems in handling requests for service work?

The major problem is economic. The scarce item is staff time. Since service work depends on requests by local groups, it is difficult to properly plan for this activity. As a result, requests for service work often necessitate a review of our work

priorities. Revision of work plans is often necessary for continuance of the most effective program.

Planning and Implementing the Studies



David Volkin

Planning means thinking through and mapping a course of action. One tries to anticipate difficulties and to figure out how to handle them. The following points are all involved in systematically planning a case study:

Define the problem.--Narrow it down to dimensions that are manageable within the scope of your own competence but that thrust at the heart of the issues involved.

Consult with others.--These include FCS staff members as well as association representatives. The former group can give you the benefit of similar experience; the latter, if involved early in the study, pave the way for easier acceptance of findings.

Plan to cope with unforeseen situations.--These at most may change the direction and scope of your study and, at least, may cause delay and frustration.

Avoid interposing personal beliefs and biases.--There can be no substitute for objectivity coupled with imagination in collecting data, obtaining information, interpreting analyses, and suggesting alternative solutions.

Write down your hypotheses.--You will be pleasantly surprised to discover how this procedure will help you in focusing on the root problem and in making decisions as to the kind and relevancy of data that will test your hypotheses.

As to implementation, my suggestions are capsuled by these condensed suggestions: Analyze (pull your data apart). Synthesize (put it together). Interpret. Write-Write-Write. Organize. Condense, Polish. Edit. Get it out.

Presenting Findings and Followup



Daniel H. McVey

We have two separate areas here but they are interrelated -- sometimes very closely. The amount of follow up necessary may depend a great deal on how well we conducted our study and prepared our report, how it was presented, and to whom it was presented.

We have no hard and fast rules for the presentation of findings nor for followup work, and I don't think we can set up such rules. We have to exercise our judgment in how we present our results. Sometimes the people who request the study have ideas as to how presentation shall be made, but the final decision must remain with us. An understanding early in the study on this point could avoid embarrassment later.

In most cases, it is desirable to present our findings in person and, I think, to as many people concerned as possible and never less than the board of directors. We have found it very useful to have our good cooperative bank friends around. They can be effective, not only at presentation time, but they are able to do a lot of the followup work.

Another area for consideration is whether our report should be made available ahead of time to the people to whom it is to be presented. Again, there should be no fast rule; the decision should depend on each study. I believe that if we do our job well and have facts that will stand up, we will end up with a more effective presentation and will get faster action.

Followup work depends a great deal on the type of study, our recommendations and, as mentioned, our presentation. Sometimes no followup is necessary. We have had a number of instances of this kind recently. Too often, I'm afraid we don't follow up as we should. We can ask the people concerned to keep us informed. Again, cooperative bank people can be and are extremely helpful. We can also work with the colleges in this area.

Using the Team Approach Within FCS



William J. Monroe

The team approach is the formal working together of two branches or two persons in the same branch on one specific study. Generally, the statement of the problem in the service request will give some indication of whether the team approach is applicable.

FCS has used this method in several studies. Usually we have used it when the problem could be separated into fairly distinct areas requiring two different skills. The reports generally have been jointly authored.

The workers who have used the team approach feel that it has several advantages:

1. The analysis of each part of the study is of better quality than would have been possible if either of the branches had worked alone.
2. The two workers complemented each other in analyzing the overall situation.
3. Employees with less experience could be used more effectively in service work. Through close association with an experienced person during all phases of the study, the less experienced staff member would do a more creditable job, at the same time gaining valuable experience.
4. It is more pleasant to work with others than to work alone.
5. The time required to complete the study is less than when one branch or person makes the study.

Some of the problems associated with using the team approach are:

Timing.--It may be difficult to schedule the field work so that the two persons or branches are available at the same time.

Personalities.--Two people may not be able to work together harmoniously, although they may logically be the ones to do the work.

Costs.--Cost may be increased through use of the team approach.

As cooperatives become larger and more diversified, the need for bringing to bear more than one skill on a problem will be increased. The team approach may not be applicable to most of our advisory studies. However, we should recognize the advantage of this team approach and use it when it can increase our services to farmers and their cooperatives.

Using the Team Approach with Other Agencies



John J. Scanlan

I will discuss the team approach under four headings: (1) the need for the team approach, (2) the extent of our advisory service work with other agencies, (3) some problems and difficulties encountered, and (4) suggestions for forestalling the problems and expanding and making this team work more effective.

Need.--The small FCS staff receives many requests for advisory services. Often there are delays in making requested studies and in their completion. There may be reasons to delay or even refuse requests. In some cases unfair pressure may be brought to bear to rush a study to completion. All of these factors show the need for FCS to obtain assistance from other agencies. FCS efforts need to be extended and expanded by being complemented and supplemented by teamwork with State, Federal, commercial, cooperative, and other agencies. These agencies are often in a favorable position to make valuable contributions to studies and especially in the followthrough advisory efforts.

Extent of Work.--FCS has carried on an important amount of work with Federal agencies, State Colleges and universities, departments of agriculture, cooperative councils, and several others. This joint effort has been employed in varying amounts by the FCS Branches.

Problems and Difficulties.--The team approach has sometimes been found to encounter a number of deterring and discouraging difficulties and problems. These are in regard to: Timing and availability of other agency workers, coordination of effort, selection of proper agency unit, qualifications and personalities of agency personnel, degree of actual participation, scope of work, authorship, clearance of report, presentation of report, publication agency, and followup efforts.

Suggestions.--Recognizing the need and possibilities, but acknowledging the problems and difficulties in the team approach with outside agencies, the task becomes one of developing workable arrangements. This will usually call for individual planning. If the problems of joint work are anticipated early, definite arrangements made, and a clear understanding obtained with other agency, a satisfactory and effective working relationship will usually result. Otherwise, it may be best for FCS to go it alone insofar as actual conduct of the project is concerned.

SESSION VI

Our Educational Program

Our Present Program



Irwin W. Rust

To insure that we're all talking about the same thing, I will define education as "a science dealing with the principles and practices of teaching and learning." Teaching and learning can be defined as "a process of exchanging knowledge, ideas, and opinions."

In an effective education program, we send forth some form of communication. If the communication is successful, it results in motivation--the creation in the receiver of a desire for action. This action can be participation in cooperative activities, application of information gained to solve a problem, and use of knowledge to make wiser decisions.

The FCS education program communicates research findings, practices of farmer cooperatives, information on fundamental principles, and ways cooperatives have met specific problems.

Farmer Cooperative Service educates (communicates) through publications such as bulletins, circulars, articles in the News for Farmer Cooperatives, and other periodicals, as well as conferences, motion pictures, speeches by staff members, correspondence, and personal contacts.

The end product of all FCS activity is a continuing educational process. It is carried on through words, actions, impressions, and attitudes. We are constantly communicating, whether we wish to or not. This places a responsibility on all of us to conduct our work in an attitude of professional competence that will reflect our ability and bring honor to FCS, the Department, and the Federal Government.

How It Can Be Improved



Beryle E. Stanton

The Cooperative Education Job Is Never Done! For we are always talking to a passing parade -- a changing mix of teenagers, young farmers, middle-aged leadership, and elder statesmen.

The job of FCS is to beat our educational drums as hard as we can to reach this quickly passing, ever-changing audience. And it's everybody's job! We should also use others as spreaders or extenders of our original material -- State Councils, extension staffs, regional cooperatives, and others.

To do this job, here are seven specific techniques or methods that we need to expand or adopt:

1. Make greater use of the monthly magazine, News for Farmer Cooperatives, and the chain reaction educational value of reprints from it.
2. Cultivate your own trade press outlets.
3. Widen the horizons of our releases -- to papers in towns you go into ... to weekly newspapers ... to city newspapers; and make greater use of releases on speeches to cooperative and farm press.
4. Get more mileage from FCS talks and provide speech background material for others such as State Councils and cooperative leaders.
5. Expand television and radio activities.
6. Beef up our visual program -- exhibits, film strips, speech aids.
7. Get more educational power from our publications.

We can apply a quote Gilbert Seldes recently recommended for scientists and researchers, one from a Nobel Prize winner in physics -- "If you cannot, in the long run, tell everybody what you are doing, what you are doing is worthless."

Perhaps we should develop our own motto for FCS for a more lively and effective educational program -- "To make 'them' know is ALL

our jobs." -- with the "them" representing our large and varied audience over the country.



Wendell M. McMillan

To evaluate our educational program -- to be in a position where one can say how it can be improved -- one needs to know first what we are trying to do with our educational activities. That is, what are our goals? What do we want to communicate to whom?

Of course, we have general objectives for this phase of our work; but if we are to be able to say how our educational program can be improved, we need to have well-defined goals against which our results can be measured.

Well-defined goals are also needed in an across-the-board type of operation. That is, everyone in FCS plays an active part in this work, and goals can provide direction and coordination of the educational efforts of each and every member of the staff.

Rather than try to specify goals, which is a difficult task requiring the efforts of many persons, I would like to list a few guides that can be used in formulating a program of defined goals and measured results:

1. Specific goals must be distinguished from general objectives. For example, a goal of our educational program would be a specific communications task to be accomplished among a defined audience to a given degree in a given period of time.
2. Goals should express realistic expectancy, not vain hopes.
3. Goals should be in writing.
4. Benchmarks are needed if progress is to be measured.
5. Methods of measuring the accomplishments must be a built-in part of the plan.

I would also like to offer a "5-M Formula" which each of us can apply to all of our educational activities:

Markets.--Who are the people we want to reach with our educational activity?

Motives.--Why do the people we want to reach accept or not accept our communications?

Messages.--What are the key facts, information and attitudes we want to convey?

Media.--What combination of media will do the best job -- at lowest cost -- of getting the intended message to the intended audience?

Measurements.--How are we going to measure our accomplishments in getting the intended message across to the intended audience?

GENERAL

Legal and Tax Problems



Lyman S. Hulbert

The exempt agriculture cooperatives in the beginning did not pay income taxes. They did not have to apportion allocations to patrons except on their books. This could be called the Golden Era for cooperatives. It ended about 1945 and the Revenue Act of 1951 definitely put an end to that era.

The 1951 Revenue Act passed by Congress as interpreted by the Internal Revenue Service required patrons to pay income tax on the face amount allocated in cash or paper. This interpretation was challenged in two court cases in each of which it was held that the patron had to pay income taxes on paper only at the "fair market value" of the paper issued by the cooperative.

The result was that the patron in many instances did not have to pay income taxes on the paper issued, since the paper did not have a "fair market value."

The 1962 Revenue Act includes the same requirements as the 1951 Act. In addition a cooperative may exclude patronage dividends only if its patrons have consented to pay income taxes thereon.

One method of obtaining consent is for a cooperative to amend its bylaws by providing that its members will pay income tax on the dividends allocated to them at the face amount of the paper allocations. Cooperatives desiring to use this bylaw consent method must amend their bylaws after the date of enactment of the 1962 Act and it is better to do so before the beginning of the fiscal year covered.

A copy of the bylaws must be received by each member with a notification of the bylaw.

In sending out cash and bylaws at the same time, it would be well for the cooperative to indicate on the back of the check a notation to the effect that "By endorsing and cashing this check, I acknowledge receipt of the notification and bylaws."

Consent may also be obtained by means of checks on which is a statement that by endorsing and cashing the check, the patron agrees to pay taxes on the face amount of the check and also on any paper allocations that accompanied the check.

On receipt of the check, the patron has 90 days after $8\frac{1}{2}$ months after the tax period of the cooperative to cash the check for the cooperative to claim the deductions in the year's operation. If the check is cashed 91 days after $8\frac{1}{2}$ months the cooperative can claim only the amount of the check as a deduction in the next year's operation.

The cooperative must pay out 20 percent of the patronage dividends in cash or else it may not deduct any patronage dividends in computing its income taxes. This applies to any organization that is functioning on a cooperative basis.

Questions and Answers

- Q. Will there be pressure for cooperatives that operate on a patronage-dividend basis to switch over to the capital-retain basis?
- A. To change over will require drastic changes in papers and methods. If many cooperatives wish to continue to buy and sell their grain as they have in the past, it will be difficult to avoid having patronage dividends at the end of the year.

- Q. In the case of livestock cooperatives that derive their receipts from marketing charges, is the excess of marketing charges over expenses considered as income under the 1962 Act?
- A. Yes, they probably have as pure a patronage dividend as any cooperative organization.
- Q. Can a farm supply cooperative operate on narrow enough margins in order that it would not have to pay patronage refunds and therefore not be subject to Federal income tax? If so, what is the risk involved?
- A. Yes, the only risk involved is that the cooperative might operate in the red. If the amount remaining at the end of the year is small, it probably would be more economical for the cooperative to pay taxes on it.

Professional Code of Ethics



Kelsey B. Gardner

Codes of ethics are quite commonplace today. In looking at them, it is apparent that it is difficult to separate ethics from techniques and standards of procedure. If the code is to be reasonably practicable from the standpoints of understanding and application, it must be tied at times to techniques and procedures.

A proposed professional code of ethics for staff workers in FCS follows: Staff members should:

1. Hold loyalty to the highest moral principles and to country above loyalty to persons, organizations, or government department.
2. Maintain the highest possible degree of integrity and honesty in meeting the objectives of Farmer Cooperative Service and in conducting its program of work.
3. Recognize that judgment and discretion are of the highest importance in building and maintaining an organization whose prestige justifies the respect and confidence of those both within and outside the agency.

4. Regard as inviolate at all times information obtained in confidence, thus respecting both the source and the nature of the information.

5. Never use information obtained confidentially in the performance of duties in the Service as a means for private gain.

6. Keep clearly in mind that research, service, and educational obligations of the Service are to all farmer cooperatives and not to selected associations.

7. Recognize at all times staff responsibilities to examine a request or proposal to determine whether it constitutes a precedent. If so, before reaching a decision to proceed with the proposal, there is a responsibility to evaluate rigidly its ultimate effect as a precedent upon both FCS and the cooperatives served by it.

8. Keep clearly in mind the responsibility of staff to help farmer cooperatives operate in a climate of the highest possible ethical principles.

9. Avoid becoming special pleaders for farmer cooperatives, but at the same time give full recognition to their potentials and to the goals of the Service to be objective, well-informed interpreters, analysts, researchers, advisors, and educators in the field of agricultural cooperation.

10. Uphold and further the ethical standards and the standing gained by FCS over the years.

FCS is the product of many sacrifices and efforts. The past record of the Service has been developed through adherence to high ethical standards. Its future work and record are dependent on a continued adherence to the highest professional ethical principles and standards.

Closing Remarks



Joseph G. Knapp

We have had an excellent workshop. Everything has run smoothly, thanks to our capable program committee under the able leadership of Henry Bradford. The spirit of cooperation has given our meetings this year the satisfaction that comes from shared interests and accomplishments.

We often speak of the "second generation" problem of cooperatives. As the pioneers who built an organization give way to those who do not feel the pressures that caused the organization to be formed, there is a danger that the interest and motivation given by the pioneers will be lost.

Farmer Cooperative Service is now largely a "third generation" organization, for none of the first generation who joined the staff before 1926 when the Cooperative Marketing Act was passed--such as Andy McKay, L. S. Hulbert or Kelsey B. Gardner--are still on our staff. The past year one of the "first generation," Kelsey Gardner and some of the "second generation" of the staff have retired--Gib Randell, Helim Hulbert, and Otis Weaver; and not too many of us in the second generation now remain. In my mind the "third generation" in FCS is comprised of those who have joined the staff since the close of World War II. It includes most of you, and many of you have joined our staff in the past 5 years.

I am proud of our "third generation" staff members. They are carrying on the high traditions of our Service in a way that the "first generation" would approve. However, we must continue our staff training programs to constantly improve our capacity for service. Here I wish to commend the good work in recent years by Harold Walker for he has encouraged all of us to give this training effort maximum attention.

We have just heard a talk by Kelsey Gardner that demands emphasis. Our professional code of ethics that we adhere to must be above reproach.

Now in closing, may I ask all of you this question. "What kind of image do we want FCS to have?"

Do we want the FCS to be known as a cooperative propaganda center?
Or, do we want the FCS to be recognized and thought of as a
governmental research and educational center for the advancement
of agricultural cooperation?

Do we want our work to stand for quality and integrity, or will we settle for less?

This is the challenge I throw to those of you who are "third generation" staff members of Farmer Cooperative Service.

I am confident that you will meet this challenge with distinction.

Participants on the 1962 FCS Workshop Program

Visiting Speakers

Aiton, Edward W.	Assistant Administrator Federal Extension Service Washington, D.C.
Bowman, Charles I.	Secretary Springfield Bank for Cooperatives Springfield, Massachusetts
Gardner, Kelsey B.	Farmer Cooperative Service (Retired) Washington, D.C.
Gilliland, C. B.	Acting Assistant Director Office of Rural Areas Development Washington, D.C.
Heisig, Carl P.	Deputy Administrator Agricultural Economics Economic Research Service Washington, D.C.
Hulbert, Lyman S. <u>1/</u>	Attorney at Law Washington, D.C.
Scroggs, Claud L.	Director, Economic Research Southern States Cooperative Richmond, Virginia
Smykay, Edward W.	Associate Professor College of Business Michigan State University East Lansing, Michigan

1/ Mr. Hulbert is engaged in the private practice of law and as legal consultant for the American Institute of Cooperation appears on this program.

FCS Staff Speakers

Abrahamsen, Martin A.	- Deputy Administrator
Biggs, Gilbert W.	- Fruit and Vegetable Branch
Blum, Martin A.	- Chief, Fruit and Vegetable Branch
Bradford, Henry W.	- Chief, Cotton and Oilseeds Branch
Byrne, Robert J.	- Chief, Transportation Branch
Campbell, John D.	- Cotton and Oilseed Branch
Davidson, Donald R.	- Dairy Branch
Drewniak, Edwin	- Poultry Branch
Eichers, Theodore R.	- Farm Supplies Branch
Gessner, Anne L.	- Chief, History and Statistics Branch
Griffin, Nelda	- Business Administration Branch
Haas, John T.	- Livestock and Wool Branch
Hodde, Walter L.	- Livestock and Wool Branch
Hulse, Fred E.	- Fruit and Vegetable Branch
Kenyon, Bert W.	- Farm Supplies Branch
Knapp, Joseph G.	- Administrator Farmer Cooperative Service
Manuel, Milton L.	- Farmer Cooperative Service On leave from Kansas State University
Markeson, Clyde B.	- Chief, Special Crops Branch
Mather, J. Warren	- Chief, Farm Supply Branch
McMillan, Wendell M.	- Assistant Director, Marketing Div.
McVey, Daniel H.	- Chief, Grain Branch
Monroe, William J.	- Dairy Branch

Perdue, Elmer J.	-Cotton and Oilseeds Branch
Preston, Homer J.	-Director, Purchasing Division
Rickenbacker, Joseph E.	-Transportation
Rust, Irwin W.	-Chief, Membership Relations Branch
Samuels, J. Kenneth	-Director, Marketing Division
Scanlan, John J.	-Chief, Poultry Branch
Stanton, Beryle E.	-Director, Information
Tucker, George C.	-Dairy Branch
Volkin, David	-Chief, Business Administration Branch
Wilkins, Paul C.	-Chief, Frozen Food Locker Branch

Members of the Workshop Committee

Program

Henry W. Bradford	- Cotton and Oilseeds Branch, Chairman
Daniel H. McVey	- Grain Branch
Nelda Griffin	- Business Administration Branch
Clyde B. Markeson	- Special Crops Branch
Robert J. Byrne	- Transportation Branch
Anne L. Gessner	- History and Statistics Branch
John T. Haas	- Livestock and Wool Branch
Paul C. Wilkins	- Frozen Food Locker Branch
J. Warren Mather	- Farm Supply Branch
J. Kenneth Samuels	- Marketing Division (Ex Officio)

Highlights

Francis P. Yager	- Grain Branch, Chairman
James A. Black	- Farm Services Branch
Bert D. Minor	- Frozen Food Locker Branch

Arrangements

Louis L. Granados	- Information Division
John Smiroldo	- Administrative Services